

Economics of Development
PAI 757 / ECN 661
Spring 2013

John McPeak
215F Eggers Hall
Office Phone: 443-6146
web page: <http://faculty.maxwell.syr.edu/jomcpeak/>
e-mail: jomcpeak@maxwell.syr.edu
Office Hours: M W 10:30-12:00.

Course Description:

This course will familiarize the student with a variety of alternative theories on what causes (or hinders) economic development. Different strategies and outcomes from a variety of settings will be presented and discussed. The goal of the course is to develop the student's understanding of international, national, sectoral, local, and household level issues related to economic development and the language used by economists to discuss these issues. Special attention will be given to the following questions: how do we explain economic growth?; how do we measure and understand poverty and poverty dynamics? what are the environmental implications of economic development?; and how are urban/ industrial needs balanced against rural / agricultural needs in development? The course is aimed at students who have taken a basic economic course, and effort will be made to stress how economic theory relates to development policy.

Materials:

Economic Development. Michael P. Todaro and Stephen C. Smith. Addison Wesley.

Articles linked to in this syllabus

Others will be available as pdf files.

Grading:

Two exams, 30 points each, total of 60 points.
10 homeworks, 2 points each, total of 20 points
Presentation (poster or power point), 5 points.
Term paper, 15 points.

Exams.

There will be two exams, one in class covering the first section of the course, the second during the final exam period covering the second half of the course. They will be closed book exams, and are accorded the same number of points. The final is not comprehensive. A calculator can be used in the class. If you have a multi function calculator, it is not acceptable to use this for any purpose other than basic calculations during the exam. Non native English speakers are allowed to bring in a dictionary to aid in translation if they so desire.

Homework:

Students will select a country to follow throughout the semester. They will research this country for each of the topical themes in class. A one to two page brief on the status and major issues facing the country in terms of this topic will be required. Each brief is worth two points.

Presentation: The last three classes of the semester will be devoted to students presenting the findings of their research. Students will have the choice of presenting a 10 minute power point summary of their findings or preparing a poster. More details will follow as we get further into the semester.

Term paper.

The student will be responsible for a term paper of 15-20 page length (12 point, double spaced, standard academic references). The paper will be a statement of the status and prospects of the particular issue and at the appropriate level in the country the student selects. The paper should highlight: one, what is the current status and what are the major issues facing the sector on which you are focusing; two, how did the sector come to be in this situation from a historical perspective, and three, what are the priorities in this sector and for the future and how do you suggest decision makers go about addressing these priorities. The student should illustrate that these insights were developed by conducting extensive research on their chosen country and sector – this is a research paper. The paper is due by May 1st, following the last class.

Note on academic honesty:

Syracuse University policy requires students to "exhibit honesty in all academic endeavors. Cheating in any form is not tolerated, nor is assisting another person to cheat. The submission of any work by a student is taken as a guarantee that the thoughts and expressions in it are the student's own except when properly credited to another. Violations of this principle include giving or receiving aid in an exam or where otherwise prohibited, fraud, plagiarism, or any other deceptive act in connection with academic work. Plagiarism is the representation of another's words, ideas, programs, formulae, opinions, or other products of work as one's own, either overtly or by failing to attribute them to their true source" (*Syracuse University Bulletin* 2003-2004: p. 2).

The PA office has suggested students can refer to the following web site if in doubt about the rules concerning how to cite properly to avoid inadvertently committing plagiarism.

:http://www.essex.ac.uk/sociology/course_materials/doc_down/PhD_handbook.pdf

Not only will you truly disappoint me if you violate the policy on academic honesty, but you will lose any chance of me ever writing a letter of reference for you that does not refer to the incident, and by your own actions will have placed your professional career in jeopardy.

Office Hours: Noted above are my office hours. I am pretty open to scheduling times outside of these if you contact me by e-mail to make other arrangements if these times do not work for you.

First six weeks of the course (January 14-February 20): Development, Growth, International Institutions, Trade, and Aid.

January 14, 16

Development Economics – what is it and what do we mean when we say it is a developing country?

Sen, Amartya. (1983) “Development: which way now?” [The Economic Journal 93](#) p. 745-762.

Chapter 1. “Economics, Institutions, and Development”

Chapter 2. “Comparative Development”

January 23, 28, 30, February 4

Development Theory

Chapter 3. “Classic Theories of Economic Development”

Easterly, William (2002). Chapters 2 and 3 of *The Elusive Quest for Growth*.

Solow. (1957). “Technical Change and the Aggregate Production Function.” [The Review of Economics and Statistics. 39\(3\): 312-320.](#)

Easterly, William and Ross Levine. (2001). “It’s Not Factor Accumulation: Stylized Facts and Growth Models.” [The World Bank Economic Review. 15\(2\): 177-219.](#)

Barro, Robert. (1991). “Economic Growth in a Cross Section of Countries.” [The Quarterly Journal of Economics 106:2 p. 407-443.](#)

Chapter 4. “Contemporary Models of Development and Underdevelopment”

Krugman, Paul. (1999). “The Fall and Rise of Development Economics” [mimeo](#)

HW #1 Growth experience in your country due February 6th

February 6, 11

International Issues 1

Chapter 12. “Trade Theory and Development Experience”

Chapter 13. “The Trade Policy Debate”

HW #2 Trade and your country due February 13th .

February 13, 18, 20

International Issues 2, Development Policy

Chapter 14. “Balance of Payments, Developing Country Debt, and the Macroeconomic Stabilization Controversy”

Williamson, John. (2000). “What Should the World Bank Think About the Washington Consensus?” [The World Bank Research Observer. 15\(2\): 251-64.](#)

Chapter 15. “Foreign Finance, Investment, and Aid”

HW #3. Aid / investment / financial restructuring in your country due February 20th.

February 25th: Exam covering first part of the course

February 27, March 4, 6

Poverty and Inequality

Chapter 5. “Poverty, Inequality, and Development”

Krishna, Anirudh. (2004). “Escaping Poverty and Becoming Poor: Who Gains, Who Loses, and Why?” [World Development. 32:1, 121-136.](#)

Sala-i-Martin, Xavier. (2006) The World Distribution of Income: Falling Poverty and ... Convergence, Period. [Quarterly Journal of Economics. Vol. 121, No. 2: 351-397.](#)

HW #4. Poverty / inequality due March 6th.

Spring Break, no class March 11, 13.

March 18, 20.

Population issues.

Chapter 6. “Population Growth and Economic Development”

Sulayman Al-Qudsi (1998) “The demand for children in Arab countries: Evidence from panel and count data models” [Journal of Population Economics](#) 11:435-452

HW #5. Population growth due March 25th.

March 25, 27, April 1

Urbanization, Migration, Rural sector, Agriculture topics

Chapter 7. “Urbanization and Rural-Urban migration”

Chapter 9. “Agricultural Transformation and Rural Development”

Staatz, John and Carl Eicher. (1990) “Agricultural Development Ideas in Historical Perspective.” Chapter 1 in *Agricultural Development in the Third World* 2nd edition. Carl K. Eicher and John Staatz (eds.) The Johns Hopkins University Press: Baltimore. P. 3-38.

HW #6. Urbanization / migration / informal sector due April 3rd

HW #7. Agriculture / rural development due April 3rd

April 3,8

Human Capital I and II: Education and Health

Chapter 9. “Human Capital”

Psacharopoulos. (1994). “Returns to Investment in Education: A Global Update.” [World Development](#). 22(9): 1325-1343.

HW #8 education and

HW #9 health due April 10th

April 10, 15.

Environment and Development

Chapter 11. “The Environment and Development”

Lee, David, Paul Ferraro and Christopher Barrett. (2001). “Introduction: Changing Perspectives on Agricultural Intensification, Economic Development and the Environment.” Chapter 1 in *Tradeoffs or Synergies?* David Lee and Christopher Barrett (eds.) CABI Publishing: NY p. 1-11.

HW #10. Environmental issues due April 17th

April 17, 22, 24, 29

In class presentations

Final Exam: TBA

Final is an exam covering the second half of the course.